

# EXHIBIT B

1 UNITED STATES DISTRICT COURT.

2 WESTERN DISTRICT OF WASHINGTON AT SEATTLE

3  
4 MICROSOFT CORPORATION, )  
5 Plaintiff, ) C10-01823-JLR  
6 v. ) SEATTLE, WASHINGTON  
7 MOTOROLA INC., et al, ) November 20, 2012  
8 Defendant. ) TRIAL DAY 6  
9 )

10 VERBATIM REPORT OF PROCEEDINGS  
11 BEFORE THE HONORABLE JAMES L. ROBART  
12 UNITED STATES DISTRICT JUDGE

13 Redacted Version

14  
15  
16 APPEARANCES:

17  
18 For the Plaintiff: Arthur Harrigan, Christopher  
19 Wion, David Pritikin, Rick  
20 Cederoth, Ellen Robbins and Andy  
21 Culbert

22 For the Defendants: Jesse Jenner, Ralph Palumbo,  
23 Philip McCune, Kevin Post, Tom  
24 Miller and James R. Batchelder  
25

1 Q Of these, how many agreements were reached through  
2 bilateral negotiation?

3 A All of them.

4 Q Have you ever seen a bilateral portfolio license  
5 negotiation conducted by two people sitting down over a  
6 meeting during the course of a day?

7 A No, I have not.

8 Q Of the agreements that you negotiated through bilateral  
9 negotiation, how many were cross-licenses?

10 A So all of the agreements that I've done with  
11 product-producing companies would have been cross-licenses.

12 Q Is it standard practice to obtain a cross license?

13 A It is. Because, you know, really our first goal is to  
14 protect our product business to make sure we can build the  
15 products that we want to build. So, if we grant the license,  
16 we want to make sure that we're not blocked from building  
17 those very same products that we're licensing our  
18 competitors, or others in the industry, to build.

19 Q Is that important for the company?

20 A Very important.

21 Q Has compensation in the form of money been the only form  
22 of compensation that arises in license agreements?

23 A No. License agreements are fairly complex . They  
24 generally have some form of monetary compensation depending  
25 on who has more exposure and who has better -- you know, more

1 patents and less products. The money flows in one direction  
2 or the other. But it also contains the cross-license, which  
3 is of significant value, defensive suspension. I've also  
4 done agreements where there are joint development of  
5 products, product commitments to buy certain products from  
6 people, all forms of -- a lot of forms of non-monetary  
7 compensation and cooperation, in addition to the money.

8 Q Just to deal with one non-monetary term that you  
9 mentioned. What do you mean when you use the term "defensive  
10 suspension"?

11 A Defensive suspension is a common term in many agreements  
12 where if I license a company, say Microsoft, and their  
13 customer decides to sue Motorola, there's an ability to  
14 suspend my license that would pass through, normally, from  
15 Microsoft to their customer, suspend that particular part of  
16 the license so I can license directly with the person that's  
17 attacking me.

18 Q Is that a value to Motorola?

19 A It's very valuable because it goes to the protection of  
20 our product business and it ensures that if I give a license  
21 here, that I can still, if someone attacks me, one of the  
22 customers attacks me, I can still use my patents to have a  
23 discussion with that company.

24 Q In your experience have you seen other companies seek and  
25 receive defensive suspension clauses?

1 A Yes, they're very common.

2 MR. JENNER: That's the conclusion of the so-called  
3 unsealed portion, and we can proceed with the sealed portion  
4 with this witness before Mr. Dansky, if that would be the  
5 court's preference.

6 THE COURT: I think we need cross examination.

7 MR. JENNER: I'm sorry. Yes, of course. I'm sorry.  
8 I'd like to preclude it, but I understand that it's  
9 necessary.

10 MR. PRITIKIN: I'll be going back and forth and  
11 getting into confidential topics almost from the very  
12 beginning. I think it would be smart to defer my cross until  
13 we've completed the confidential portion.

14 THE COURT: An alternative would be to conduct your  
15 cross during the confidential portion.

16 MR. PRITIKIN: That's what I meant, Your Honor.

17 THE COURT: Mr. Jenner, do you have any objection to  
18 that?

19 MR. JENNER: I do not, Your Honor. That's fine.

20 THE COURT: All right. Then at this time the  
21 courtroom will be emptied. Those of you who have significant  
22 Starbucks stock holdings, there's one across the street,  
23 there's one down the street, there's one behind the  
24 courthouse. I cannot predict when you'll be invited back in,  
25 but I'm sure you'll have time for a cup of coffee.